



Senate

General Assembly

File No. 393

February Session, 2000

Substitute Senate Bill No. 524

Senate, April 4, 2000

The Committee on Finance, Revenue and Bonding reported through SEN. LOONEY of the 11th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

An Act Making Changes And Corrections To The Corporation Business Tax, Utilities Gross Earnings Tax, Excise Taxes, The Personal Income Tax And Other Tax Laws.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subparagraph (A) of subdivision (20) of subsection (a) of
2 section 12-213 of the general statutes is repealed and the following is
3 substituted in lieu thereof:

4 (20) (A) "Carrying on or doing business" means and includes each
5 and every act, power or privilege exercised or enjoyed in this state, as
6 an incident to, or by virtue of, the powers and privileges acquired by
7 the nature of any organization whether the form of existence is
8 corporate, associate, joint stock company or fiduciary, and includes the
9 direct or indirect engaging in, transacting or conducting of activity in
10 this state by an electric supplier, as defined in section 16-1, as
11 amended, or generation entity or affiliate, as defined in section 16-1,

12 [or,] as amended, for the purpose of establishing or maintaining a
13 market for the sale of electricity or of electric generation services, as
14 defined in section 16-1, as amended, to end use customers located in
15 this state through the use of the transmission or distribution facilities
16 of an electric distribution company, as defined in section 16-1, as
17 amended, or, until unbundled in accordance with section 16-244e,
18 electric company, as defined in section 16-1, as amended.

19 Sec. 2. Subsection (a) of section 12-217e of the general statutes is
20 repealed and the following is substituted in lieu thereof:

21 (a) There shall be allowed as a credit against the tax imposed by this
22 chapter an amount equal to twenty-five per cent of that portion of such
23 tax which is allocable to any manufacturing facility, provided, for any
24 such facility which is located in an enterprise zone designated
25 pursuant to section 32-70 or in a municipality with an entertainment
26 district designated under section 32-76 or established under section 2
27 of public act 93-311* and which became eligible as a manufacturing
28 facility after the designation of such zone and for which not less than
29 one hundred fifty full-time employees or thirty per cent of the full-time
30 employment positions directly attributable to the manufacturing
31 facility were, during the last quarter of the income year of the
32 taxpayer, held by employees of the taxpayer who at the time of
33 employment were (1) residents of such zone, or (2) residents of such
34 municipality and eligible for training under the Federal
35 Comprehensive Employment Training Act or any other training
36 program that may replace the Comprehensive Employment Training
37 Act, a credit of fifty per cent shall be allowed. A position is directly
38 attributable to the manufacturing facility if: (A) The work is performed
39 or the base of operations is at the facility; (B) the position did not exist
40 prior to the construction, renovation, expansion or acquisition of the
41 facility; and (C) but for the construction, renovation, expansion or
42 acquisition of the facility, the position would not have existed,
43 provided nothing in this section shall preclude a position from being

44 considered directly attributable to a manufacturing facility if such
45 position formerly existed in an eligible manufacturing facility under
46 section 32-9p, as amended by this act.

47 Sec. 3. Section 12-217s of the general statutes is repealed and the
48 following is substituted in lieu thereof:

49 There shall be allowed as a credit against the tax imposed on any
50 corporation under this chapter which participates in the traffic
51 reduction program established under section 13b-38p and conducted
52 in this state, except corporations employing fewer than one hundred
53 employees, with respect to any taxable year of such corporation
54 commencing on or after January 1, 1997, an amount equal to fifty per
55 cent of the amount spent in this state by such corporation, on or after
56 January 1, 1995, for the direct costs of traffic reduction programs and
57 services related thereto [instituted] conducted in this state by such
58 corporation in response to the provisions of sections 13b-38o, 13b-38p,
59 13b-38t, 13b-38v, as amended, and 13b-38x, not to exceed two hundred
60 fifty dollars annually per employee employed in this state and
61 participating in alternative means of commuting pursuant to traffic
62 reduction programs conducted in this state. The total amount of credits
63 available under the provisions of this section shall not exceed one
64 million five hundred thousand dollars. The Department of
65 Transportation shall adopt regulations in accordance with the
66 provisions of chapter 54 which shall include, but not be limited to,
67 establishing procedures for a corporation to obtain and qualify for the
68 tax credit.

69 Sec. 4. Subdivision (5) of subsection (a) of section 12-217u of the
70 general statutes is repealed and the following is substituted in lieu
71 thereof:

72 (5) "Financial institution" means any bank, holding company or out-
73 of-state bank, as those terms are defined in section 36a-2, or out-of-
74 state holding company, as that term is defined in section 36a-410,

75 which directly or indirectly establishes an office in Connecticut and is
76 subject to the supervision of or regulation by the Commissioner of
77 Banking pursuant to title 36a or by one or more federal banking
78 agencies pursuant to applicable federal law. "Financial institution" also
79 means any establishment described in major group 61 or 62 in the
80 Standard Industrial Classification Manual, United States Office of
81 Management and Budget, 1987 edition, or in Subsector 522 or 523 in
82 the North American Industrial Classification System, United States
83 manual, United States Office of Management and Budget, 1997 edition,
84 as engaged primarily in the extending of credit in the form of loans or
85 the underwriting, purchase, sale or brokerage of securities and other
86 financial contracts on their own account or for the account of others,
87 and exchanges, exchange clearinghouses and other services allied with
88 the exchange of securities and commodities or a holding company
89 controlling any such establishment.

90 Sec. 5. Subdivision (2) of subsection (a) of section 12-217y of the
91 general statutes, as amended by section 1 of public act 99-203, is
92 repealed and the following is substituted in lieu thereof:

93 (2) "Qualifying employee" means [(A) during fiscal year 1999, any
94 employee who is employed not less than twenty-five hours per week
95 by the same business firm and who, at the time of being hired by such
96 business firm, is and has been receiving benefits from the temporary
97 family assistance program for more than nine months and meets other
98 requirements that the Labor Commissioner may establish in
99 regulations adopted in accordance with chapter 54, or (B)] during [and
100 after] fiscal year 2000 or with respect to the business firm's income year
101 commencing in 2000 or thereafter, any employee who is employed not
102 less than thirty hours per week by the same business firm and who, at
103 the time of being hired by such business firm, is and has been receiving
104 benefits from the temporary family assistance program for more than
105 nine months and meets other requirements that the Labor
106 Commissioner may establish in regulations adopted in accordance

107 with chapter 54. For [purpose] purposes of this subdivision, the
108 number of hours per week an employee participates in a job training
109 program approved by the Labor Commissioner shall be included in
110 calculating the number of hours such employee is employed.

111 Sec. 6. Subdivision (1) of subsection (c) of section 12-223a of the
112 general statutes is repealed and the following is substituted in lieu
113 thereof:

114 (c) (1) (A) In the case of a combined return, the tax shall be
115 measured by the sum of the separate net income or loss of each
116 corporation included or the minimum tax base of the included
117 corporations but only to the extent that said income, loss or minimum
118 tax base of any included corporation is separately apportioned to
119 Connecticut in accordance with the provisions of section 12-218, as
120 amended, 12-219a or 12-244, whichever is applicable. In computing
121 said net income or loss, intercorporate dividends shall be eliminated,
122 and in computing the combined additional tax base, intercorporate
123 stockholdings shall be eliminated.

124 (B) In computing said net income or loss, any intangible expenses
125 and costs, as defined in section 12-218c, any interest expenses and
126 costs, as defined in section 12-218c, and any income attributable to
127 such intangible expenses and costs or to such interest expenses and
128 costs shall be eliminated provided the corporation that is required to
129 make adjustments under section 12-218c for such intangible expenses
130 and costs or for such interest expenses and costs, and the related
131 member or members, as defined in section 12-218c, are included in
132 such combined return. If any such income and any such expenses and
133 costs are eliminated as provided in this subparagraph, the intangible
134 property, as defined in section 12-218c, of the corporation eliminating
135 such income shall not be taken into account in apportioning under the
136 provisions of section 12-219a the tax calculated under subsection (a) of
137 section 12-219 of such corporation.

138 Sec. 7. Subsection (e) of section 12-242d of the general statutes is
139 repealed and the following is substituted in lieu thereof:

140 (e) "Required annual payment" means the lesser of (1) ninety per
141 cent of the tax shown on the return for the income year, or, if no return
142 is filed, ninety per cent of the tax for such year, or (2) if the preceding
143 income year was an income year of twelve months and if the company
144 filed a return for the preceding income year showing a liability for tax,
145 one hundred per cent of the tax shown on the return for the next
146 preceding income year. [without regard to any credit under this
147 chapter.]

148 Sec. 8. Subsection (b) of section 12-264 of the general statutes is
149 repealed and the following is substituted in lieu thereof:

150 (b) (1) Each such company and municipal utility shall, on or before
151 the last day of January, April, July and October of each year, render to
152 the Commissioner of Revenue Services a return on forms prescribed or
153 furnished by the commissioner and signed by its treasurer or the
154 person performing the duties of treasurer, or by an authorized agent or
155 officer, specifying [(1)] (A) the name and location of such company or
156 municipal utility, [(2)] (B) the amount of gross earnings from
157 operations for the quarter ending with the last day of the preceding
158 month, [(3)] (C) the gross earnings from the sale or rental of appliances
159 using water, steam, gas or electricity and the cost of such appliances
160 sold, cost to be interpreted as net invoice price plus transportation
161 costs of such appliances, [(4)] (D) the gross earnings from all sales for
162 resale of water, steam, gas and electricity, whether or not the
163 purchasers are public service corporations, municipal utilities, located
164 in the state or subject to the tax imposed by this chapter, [(5)] (E) the
165 number of miles of water or steam pipes, gas mains or electric wires
166 operated by such company or municipal utility within this state on the
167 first day and on the last day of the calendar year immediately
168 preceding, and [(6)] (F) the number of miles of water or steam pipes,

169 gas mains or electric wires wherever operated by such company or
170 municipal utility on said dates. Gas pipeline and gas transmission
171 companies which do not manufacture or buy gas in this state for resale
172 in this state shall be subject to the provisions of chapter 208 and shall
173 not be subject to the provisions of this chapter and chapter 212a.

174 (2) No person, firm, corporation or municipality that is chartered or
175 authorized by this state to transmit or sell gas within a franchise area
176 shall transmit gas for any person that sells gas to be used for light, heat
177 or power to an end user or users located in this state, unless such seller
178 has registered with the Department of Revenue Services for purposes
179 of the tax imposed under this chapter. The provisions of this
180 subdivision shall not apply to the transmission of gas for any seller
181 that is a gas company, as defined in section 16-1, as amended,
182 municipal gas utility established under chapter 101 or any other gas
183 utility owned, leased, maintained, operated, managed or controlled by
184 any unit of local government under any general statute or any public
185 or special act, or a gas pipeline or gas transmission company subject to
186 the provisions of chapter 208.

187 (3) The Commissioner of Revenue Services may make public the
188 names and addresses of each person that sells gas to be used for light,
189 heat or power to an end user or users located in this state and has
190 registered with the Department of Revenue Services for purposes of
191 the tax imposed under this chapter, and that is not a gas company, as
192 defined in section 16-1, as amended, a municipal gas utility established
193 under chapter 101 or any other gas utility owned, leased, maintained,
194 operated, managed or controlled by any unit of local government
195 under any general statute or any public or special act, or a gas pipeline
196 or gas transmission company subject to the provisions of chapter 208.

197 Sec. 9. Subsection (c) of section 12-265 of the general statutes is
198 repealed and the following is substituted in lieu thereof:

199 (c) The rate of tax on the sale, furnishing or distribution of electricity

200 or natural gas for use directly by a company engaged in a
201 manufacturing production process, in accordance with the Standard
202 Industrial Classification Manual, United States Office of Management
203 and Budget, 1987 edition, classifications 2000 to 3999, inclusive, or
204 Sector 31, 32 or 33 in the North American Industrial Classification
205 System United States manual, United States Office of Management and
206 Budget, 1997 edition, shall be four per cent with respect to calendar
207 quarters commencing on or after January 1, 1994, and prior to January
208 1, 1995, three per cent with respect to calendar quarters commencing
209 on or after January 1, 1995, and prior to January 1, 1996, and two per
210 cent with respect to calendar quarters commencing on or after January
211 1, 1996, and prior to January 1, 1997. The sale, furnishing or
212 distribution of electricity or natural gas for use by a company as
213 provided in this subsection shall not be subject to the provisions of this
214 chapter with respect to calendar quarters commencing on or after
215 January 1, 1997. Not later than thirty days after May 19, 1993, and
216 thirty days after the effective date of each rate decrease provided for in
217 this section, each electric and gas public service company, as defined in
218 section 16-1, as amended, which does not have a proposed rate
219 amendment under section 16-19 pending before the Department of
220 Public Utility Control at such time, shall request the department to
221 reopen the proceeding under section 16-19 on the company's most
222 recent rate amendment, solely for the purpose of decreasing the
223 company's rates to reflect the decreases required under this section.
224 The department shall immediately reopen such proceedings, solely for
225 such purpose.

226 Sec. 10. Section 12-286 of the general statutes is repealed and the
227 following is substituted in lieu thereof:

228 (a) (1) The commissioner shall, after May 25, 1994, require for an
229 initial application for a distributor's license, in addition to such other
230 information deemed to be necessary, the filing of three affidavits from
231 three recognized manufacturers of cigarettes stating such

232 manufacturers' intent to supply the distributor if the applicant is
233 granted a license. A chain store shall be exempt from filing such
234 affidavits. Any pending application on May 25, 1994, and any person
235 purchasing the business of a licensed distributor shall be exempt from
236 filing such affidavits. For purposes of this subsection, "chain store"
237 means the operator or franchisor of five or more retail establishments
238 with common ownership and control.

239 (2) The commissioner may make a public list of recognized
240 manufacturers of cigarettes.

241 (b) A separate license shall be required for each class of business if
242 the applicant is engaged in business both as a distributor and dealer.
243 The commissioner shall prescribe the form of application for a
244 distributor's license and for a dealer's license. Each license so issued
245 shall be conspicuously displayed on the premises covered by the
246 license.

247 (c) The commissioner shall make regulations not inconsistent with
248 the law for the licensing of vending machines.

249 (d) The commissioner may, in [his] the commissioner's discretion,
250 refuse to issue a license if [he has] there is reasonable ground to believe
251 (1) that the applicant has wilfully made any false statement of
252 substance with respect to such application for license, (2) that the
253 applicant has neglected to pay any taxes due to this state or (3) that the
254 applicant has been convicted of violating any of the cigarette tax laws
255 of this or any other state or the cigarette tax laws of the United States
256 or has such a criminal record that the commissioner reasonably
257 believes that such applicant is not a suitable person to be issued a
258 license, provided no refusal shall be rendered under this subdivision
259 except in accordance with the provisions of sections 46a-80 and 46a-81.
260 [Each license so issued shall be conspicuously displayed on the
261 premises covered by the license.]

262 (e) Any person who knowingly sells, offers for sale or possesses
263 with intent to sell any cigarettes, without a license as provided in this
264 chapter, shall be fined not more than five hundred dollars or
265 imprisoned for not more than three months, or both, for each offense.
266 Each day of such unauthorized operation may be deemed a separate
267 offense. [The commissioner shall prescribe the form of application for a
268 distributor's license and for a dealer's license. For purposes of this
269 section, "chain store" means the operator or franchisor of five or more
270 retail establishments with common ownership and control.]

271 Sec. 11. Section 12-330d of the general statutes is repealed and the
272 following is substituted in lieu thereof:

273 Each licensed distributor and each licensed unclassified importer
274 shall file with the commissioner, on or before the [tenth] twenty-fifth
275 day of each month, a report for the calendar month immediately
276 preceding in such form and containing such information as the
277 commissioner may [, by regulations adopted in accordance with
278 chapter 54,] prescribe. The return shall be accompanied by a payment
279 of the amount of the tax shown to be due thereon. The commissioner
280 may, by regulations adopted in accordance with chapter 54, require
281 that each distributor and unclassified importer report the names and
282 addresses of [their] its customers, if any, annually, with changes in
283 such lists to be reported to the commissioner monthly not later than
284 the tenth day of each month. If any person fails to pay the amount of
285 tax reported due on its report within the time specified under this
286 section, there shall be imposed a penalty equal to ten per cent of such
287 amount due and unpaid, or fifty dollars, whichever is greater. Such
288 amount shall bear interest at the rate of one per cent per month or
289 fraction thereof, from the due date of such tax until the date of
290 payment. Subject to the provisions of section 12-3a, as amended, the
291 commissioner may waive all or part of the penalties provided under
292 this chapter when it is proven to [his] the commissioner's satisfaction
293 that the failure to pay any tax was due to reasonable cause and was not

294 intentional or due to neglect.

295 Sec. 12. Subdivision (2) of subsection (b) of section 12-436 of the
296 general statutes, as amended by section 15 of public act 99-121, is
297 repealed and the following is substituted in lieu thereof:

298 (2) No person shall ship, transport or import alcoholic beverages
299 into this state unless such alcoholic beverages are delivered to a
300 licensed distributor or to an internal revenue or United States customs
301 bonded warehouse under regulations prescribed by the Commissioner
302 of Revenue Services, or are transported in bonded trucks to vessels in
303 Connecticut ports for export; provided (A) any individual may import
304 alcoholic beverages purchased by such individual within the territorial
305 limits of the United States to an amount not to exceed five gallons in
306 any sixty-day period for such individual's own consumption, (B) any
307 individual may import alcoholic beverages, whether or not purchased
308 by such individual, from outside the territorial limits of the United
309 States to an amount not to exceed five gallons in any three-hundred-
310 sixty-five-day period for such individual's own consumption, and (C)
311 any individual who has resided outside the United States for a period
312 of six months or more may, on one occasion and in conjunction with
313 the return of such individual's personal and household goods and
314 effects upon the termination of such foreign residency, import wine to
315 an amount not to exceed one hundred gallons, of which not more than
316 twenty gallons shall be of the same brand and spirits not to exceed ten
317 gallons of which not more than two gallons shall be of the same brand,
318 after making application in each such case to the Department of
319 [Consumer Protection] Revenue Services and presenting with the
320 application a [certificate from the Commissioner of Revenue Services
321 to the effect that the tax provided for in section 12-435 has been paid]
322 tax return prescribed by the Commissioner of Revenue Services and
323 reporting the taxes under this chapter and under chapter 219 for which
324 the applicant is liable. Payment of such taxes shall accompany such
325 application and tax return. A copy of the importation certificate issued

326 by the Department of [Consumer Protection] Revenue Services shall
327 accompany each such shipment.

328 Sec. 13. Section 12-456 of the general statutes is repealed and the
329 following is substituted in lieu thereof:

330 (a) (1) Each distributor shall, before transacting the business of a
331 distributor, apply for a license issued by the Commissioner of Revenue
332 Services to engage in said business within this state, which license shall
333 remain in full force and effect until cancelled, suspended or revoked.

334 (2) The commissioner may, in [his] the commissioner's discretion,
335 refuse to issue a license if [he has] there is reasonable ground to believe
336 [(1)] that the distributor has wilfully made any false statement of
337 substance with respect to such application for license, [(2) that] the
338 distributor has neglected to pay any taxes due to this state or [(3) that]
339 the distributor has been convicted of violating any of the motor fuels
340 tax laws of this or any other state or the motor fuels tax laws of the
341 United States or has such a criminal record that the commissioner
342 reasonably believes that such distributor is not a suitable person to be
343 issued a license, provided no refusal shall be rendered under this
344 subdivision except in accordance with the provisions of sections 46a-80
345 and 46a-81.

346 (3) Before the commissioner issues such license, the commissioner
347 shall require such distributor [shall] annually to file with, and to the
348 satisfaction of, the commissioner and [shall] to maintain for the
349 [duration of such license] year a bond [of] issued by a surety company
350 authorized to do business in this state or other security acceptable to
351 the commissioner, in [the amount of five thousand dollars or an] such
352 amount [determined by] as the commissioner [as an estimate of taxes
353 that would be paid if all fuels sold or used by such distributor were
354 subject to the tax imposed under section 12-458, whichever amount is
355 greater] may fix, to secure the payment of any sums due from such
356 distributor pursuant to the provisions of this chapter. Such bond or

357 other security shall remain in full force and effect for a period of three
358 years and one month following the [expiration of such license] end of
359 such year, unless a certificate is issued by the commissioner to the
360 effect that all taxes due the state have been paid.

361 (b) If such distributor is a foreign corporation or a person
362 nonresident of this state with no designated agent or representative in
363 this state upon whom service of process may be made, then, in any
364 litigation for the collection of any tax due from such distributor,
365 service of such process may be made upon the Secretary of the State
366 with as full force and effect as if made upon such distributor. Any such
367 distributor being such a foreign corporation or nonresident person
368 shall, in the application for a distributor's license, consent to such
369 service of process upon the Secretary of the State and also consent that
370 any such litigation may be brought to the superior court for the judicial
371 district of Hartford having jurisdiction of the amount claimed to be
372 due in such litigation. Any license to any such distributor shall be
373 issued subject to such service of process upon said secretary and
374 subject to such litigation being brought to such court.

375 (c) The commissioner may suspend or revoke the license of any
376 distributor for failure to comply with any of the provisions of this
377 chapter or regulations related thereto, following a hearing with respect
378 to which notice in writing, specifying the time and place of such
379 hearing and requiring such distributor to show cause why such license
380 should not be revoked, is mailed or delivered to such distributor not
381 less than ten days preceding the date of such hearing. Such notice may
382 be served personally or by registered or certified mail.

383 (d) The commissioner shall not issue a new license to a distributor
384 whose license is revoked unless the commissioner is satisfied that such
385 distributor will comply with the provisions of this chapter and
386 regulations related thereto.

387 Sec. 14. Subdivision (8) of subsection (a) of section 12-458 of the

388 general statutes is repealed and the following is substituted in lieu
389 thereof:

390 (8) A distributor who is exclusively making sales of fuel on which
391 the tax imposed by this chapter is not payable may be permitted, [to
392 file reports, under oath or affirmation, on a form prescribed by said
393 commissioner,] as specified in regulations adopted in accordance with
394 the provisions of chapter 54, to file reports [. The regulations may
395 authorize reports to be submitted] less frequently than monthly but
396 not less frequently than annually if the commissioner determines that
397 enforcement of this section would not be adversely affected by less
398 frequent filings. [The report] Distributors permitted to file such reports
399 shall maintain records that shall detail (A) the persons from whom the
400 fuel was purchased, (B) the persons to whom, the quantities in which
401 and the dates on which such fuel was sold, and (C) any other
402 information deemed necessary by the commissioner.

403 Sec. 15. Subsections (b) and (c) of section 12-587 of the general
404 statutes, as amended by section 20 of public act 99-121, are repealed
405 and the following is substituted in lieu thereof:

406 (b) (1) Except as otherwise provided in subdivision (2) of this
407 subsection, any company which is engaged in the refining or
408 distribution, or both, of petroleum products and which distributes
409 such products in this state shall pay a quarterly tax on its gross
410 earnings derived from the first sale of petroleum products within this
411 state. Each company shall on or before the last day of the month next
412 succeeding each quarterly period render to the commissioner a return
413 on forms prescribed or furnished by the commissioner and signed by
414 the person performing the duties of treasurer or an authorized agent or
415 officer, including the amount of gross earnings derived from the first
416 sale of petroleum products within this state for the quarterly period
417 and such other facts as the commissioner may require for the purpose
418 of making any computation required by this chapter. Except as

419 otherwise provided in subdivision (3) of this subsection, the rate of tax
420 shall be five per cent.

421 (2) Gross earnings derived from the first sale of the following
422 petroleum products within this state shall be exempt from tax: (A) Any
423 petroleum products sold for exportation from this state for sale or use
424 outside this state; (B) the product designated by the American Society
425 for Testing and Materials as "Specification for Heating Oil D396-69",
426 commonly known as number 2 heating oil, to be used exclusively for
427 heating purposes or to be used in a commercial fishing vessel, which
428 vessel qualifies for an exemption pursuant to section 12-412, as
429 amended; (C) kerosene, commonly known as number 1 oil, to be used
430 exclusively for heating purposes, provided delivery is of both number
431 1 and number 2 oil, and via a truck with a metered delivery ticket to a
432 residential dwelling or to a centrally metered system serving a group
433 of residential dwellings; (D) the product identified as propane gas, to
434 be used exclusively for heating purposes; (E) bunker fuel oil,
435 intermediate fuel, marine diesel oil and marine gas oil to be used in
436 any vessel having a displacement exceeding four thousand dead
437 weight tons; (F) for any first sale occurring prior to January 1, 2000,
438 propane gas to be used as a fuel for a motor vehicle; (G) for any first
439 sale occurring on or after July 1, 2002, grade number 6 fuel oil, as
440 defined in regulations adopted pursuant to section 16a-22c, to be used
441 exclusively by a company which, in accordance with census data
442 contained in the Standard Industrial Classification Manual, United
443 States Office of Management and Budget, 1987 edition, is included in
444 code classifications 2000 to 3999, inclusive, or in Sector 31, 32 or 33 in
445 the North American Industrial Classification System United States
446 manual, United States Office of Management and Budget, 1997 edition;
447 or (H) for any first sale occurring on or after July 1, 2002, number 2
448 heating oil to be used exclusively in a vessel primarily engaged in
449 interstate commerce, which vessel qualifies for an exemption under
450 section 12-412, as amended.

451 (3) The rate of tax on gross earnings derived from the first sale of
452 grade number 6 fuel oil, as defined in regulations adopted pursuant to
453 section 16a-22c, to be used exclusively by a company which, in
454 accordance with census data contained in the Standard Industrial
455 Classification Manual, United States Office of Management and
456 Budget, 1987 edition, is included in code classifications 2000 to 3999,
457 inclusive, or in Sector 31, 32 or 33 in the North American Industrial
458 Classification System United States manual, United States Office of
459 Management and Budget, 1997 edition, or number 2 heating oil used
460 exclusively in a vessel primarily engaged in interstate commerce,
461 which vessel qualifies for an exemption under section 12-412 shall be:
462 (A) Four per cent with respect to calendar quarters commencing on or
463 after July 1, 1998, and prior to July 1, 1999; (B) three per cent with
464 respect to calendar quarters commencing on or after July 1, 1999, and
465 prior to July 1, 2000; (C) two per cent with respect to calendar quarters
466 commencing on or after July 1, 2000, and prior to July 1, 2001; and (D)
467 one per cent with respect to calendar quarters commencing on or after
468 July 1, 2001, and prior to July 1, 2002.

469 (c) (1) Any company which imports or causes to be imported into
470 this state petroleum products for sale, use or consumption in this state,
471 other than a company subject to and having paid the tax on such
472 company's gross earnings from first sales of petroleum products
473 within this state, which earnings include gross earnings attributable to
474 such imported or caused to be imported petroleum products, in
475 accordance with subsection (b) of this section, shall pay a quarterly tax
476 on the consideration given or contracted to be given for such
477 petroleum product if the consideration given or contracted to be given
478 for all such deliveries during the quarterly period for which such tax is
479 to be paid exceeds one hundred thousand dollars. Except as otherwise
480 provided in subdivision (3) of this subsection, the rate of tax shall be
481 five per cent. Fuel in the fuel supply tanks of a motor vehicle, which
482 fuel tanks are directly connected to the engine, shall not be considered
483 a delivery for the purposes of this subsection.

484 (2) Consideration given or contracted to be given for petroleum
485 products, gross earnings from the first sale of which are exempt from
486 tax under subdivision (2) of subsection (b) of this section, shall be
487 exempt from tax.

488 (3) The rate of tax on consideration given or contracted to be given
489 for grade number 6 fuel oil, as defined in regulations adopted
490 pursuant to section 16a-22c, to be used exclusively by a company
491 which, in accordance with census data contained in the Standard
492 Industrial Classification Manual, United States Office of Management
493 and Budget, 1987 edition, is included in code classifications 2000 to
494 3999, inclusive, or in Sector 31, 32 or 33 in the North American
495 Industrial Classification System United States manual, United States
496 Office of Management and Budget, 1997 edition, or number 2 heating
497 oil used exclusively in a vessel primarily engaged in interstate
498 commerce, which vessel qualifies for an exemption under section 12-
499 412 shall be: (A) Four per cent with respect to calendar quarters
500 commencing on or after July 1, 1998, and prior to July 1, 1999; (B) three
501 per cent with respect to calendar quarters commencing on or after July
502 1, 1999, and prior to July 1, 2000; (C) two per cent with respect to
503 calendar quarters commencing on or after July 1, 2000, and prior to
504 July 1, 2001; and (D) one per cent with respect to calendar quarters
505 commencing on or after July 1, 2001, and prior to July 1, 2002.

506 Sec. 16. Section 12-632a of the general statutes is repealed and the
507 following is substituted in lieu thereof:

508 If, for any fiscal year, all of the proposals submitted to the
509 Commissioner of Revenue Services pursuant to section 12-632, as
510 amended, claim tax credits in excess of the [three-million-dollar] five-
511 million-dollar limit provided for in subsection (h) of said section 12-
512 632, as amended, the commissioner on or before November fifteenth of
513 each year shall prorate the [three] five million dollars of tax credits for
514 such year among the neighborhood organizations the programs of

515 which business firms have proposed to contribute to pursuant to this
516 chapter.

517 Sec. 17. Subsection (b) of section 12-638b of the general statutes is
518 repealed and the following is substituted in lieu thereof:

519 (b) The tax imposed by subsection (a) of this section shall not apply
520 to (1) any sale or transfer of a controlling interest in any entity which
521 possesses an interest in real property located in an area of any
522 municipality designated as an enterprise zone in accordance with
523 section 32-70 or (2) any sale or transfer of a controlling interest in any
524 entity to effectuate a mere change of identity or form of ownership or
525 organization where there is no change in beneficial ownership.

526 Sec. 18. Subsection (e) of section 12-700a of the general statutes is
527 repealed and the following is substituted in lieu thereof:

528 (e) A resident or part-year resident shall be allowed a credit against
529 the tax otherwise due under this section in the amount of any similar
530 tax imposed on such resident or part-year resident for the taxable year
531 by another state of the United States or a political subdivision thereof
532 or the District of Columbia [or any province of Canada] on income
533 which is derived from sources therein and which is also subject to tax
534 under this section. In the case of a resident, the credit provided under
535 this subsection shall not exceed the proportion of the tax otherwise due
536 under this section that the amount of the taxpayer's adjusted federal
537 tentative minimum tax derived from or connected with sources in the
538 other taxing jurisdiction, as the phrase is used in section 12-704, bears
539 to the taxpayer's adjusted federal tentative minimum tax. In the case of
540 a part-year resident, the credit provided under this subsection shall not
541 exceed the proportion of the tax otherwise due during the period of
542 residency that the amount of the taxpayer's adjusted federal tentative
543 minimum tax derived from or connected with sources in the other
544 taxing jurisdiction, as the phrase is used in said section 12-704, during
545 the period of residency bears to such taxpayer's adjusted federal

546 tentative minimum tax during the period of residency, nor shall the
547 allowance of the credit provided under this subsection reduce the tax
548 otherwise due under this section to an amount less than what would
549 have been due if the amount subject to similar taxation by such other
550 jurisdiction were excluded in the calculation of the adjusted federal
551 tentative minimum tax.

552 Sec. 19. Subdivision (1) of subsection (a) of section 12-701 of the
553 general statutes is repealed and the following is substituted in lieu
554 thereof:

555 (1) "Resident of this state" means any natural person (A) who is
556 domiciled in this state, [provided if a] unless (i) the person [(i)]
557 maintains no permanent place of abode in this state, [(ii)] maintains a
558 permanent place of abode elsewhere and [(iii)] spends in the aggregate
559 not more than thirty days of the taxable year in this state, [such person
560 shall be deemed not a resident] or (ii) within any period of five
561 hundred forty-eight consecutive days the person is present in a foreign
562 country or countries for at least four hundred fifty days, and during
563 such period of five hundred forty-eight consecutive days the person is
564 not present in this state for more than ninety days and does not
565 maintain a permanent place of abode in this state at which such
566 person's spouse, unless such spouse is legally separated, or minor
567 children are present for more than ninety days, and during the
568 nonresident portion of the taxable year with or within which such
569 period of five hundred forty-eight consecutive days begins and the
570 nonresident portion of the taxable year with or within which such
571 period ends, such person is present in this state for a number of days
572 which does not exceed an amount which bears the same ratio to ninety
573 as the number of days contained in such portion of the taxable year
574 bears to five hundred forty-eight, or (B) who is not domiciled in this
575 state but maintains a permanent place of abode in this state and is in
576 this state for an aggregate of more than one hundred eighty-three days
577 of the taxable year, unless such person, not being domiciled in this

578 state, is in active service in the armed forces of the United States.

579 Sec. 20. Subdivision (20) of subsection (a) of section 12-701 of the
580 general statutes, as amended by section 1 of public act 99-173, is
581 repealed and the following is substituted in lieu thereof:

582 (20) "Connecticut adjusted gross income" means adjusted gross
583 income, with the following modifications: (A) There shall be added
584 thereto (i) to the extent not properly includable in gross income for
585 federal income tax purposes, any interest income from obligations
586 issued by or on behalf of any state, political subdivision thereof, or
587 public instrumentality, state or local authority, district or similar public
588 entity, exclusive of such income from obligations issued by or on
589 behalf of the state of Connecticut, any political subdivision thereof, or
590 public instrumentality, state or local authority, district or similar public
591 entity created under the laws of the state of Connecticut and exclusive
592 of any such income with respect to which taxation by any state is
593 prohibited by federal law, (ii) any exempt-interest dividends, as
594 defined in Section 852(b)(5) of the Internal Revenue Code, exclusive of
595 such exempt-interest dividends derived from obligations issued by or
596 on behalf of the state of Connecticut, any political subdivision thereof,
597 or public instrumentality, state or local authority, district or similar
598 public entity created under the laws of the state of Connecticut and
599 exclusive of such exempt-interest dividends derived from obligations,
600 the income with respect to which taxation by any state is prohibited by
601 federal law, (iii) any interest or dividend income on obligations or
602 securities of any authority, commission or instrumentality of the
603 United States which federal law exempts from federal income tax but
604 does not exempt from state income taxes, (iv) to the extent included in
605 gross income for federal income tax purposes for the taxable year, the
606 total taxable amount of a lump sum distribution for the taxable year
607 deductible from such gross income in calculating federal adjusted
608 gross income, (v) to the extent properly includable in determining the
609 net gain or loss from the sale or other disposition of capital assets for

610 federal income tax purposes, any loss from the sale or exchange of
611 obligations issued by or on behalf of the state of Connecticut, any
612 political subdivision thereof, or public instrumentality, state or local
613 authority, district or similar public entity created under the laws of the
614 state of Connecticut, in the income year such loss was recognized, (vi)
615 to the extent deductible in determining federal adjusted gross income,
616 any income taxes imposed by this state, (vii) to the extent deductible in
617 determining federal adjusted gross income, any interest on
618 indebtedness incurred or continued to purchase or carry obligations or
619 securities the interest on which is exempt from tax under this chapter
620 and (viii) expenses paid or incurred during the taxable year for the
621 production or collection of income which is exempt from taxation
622 under this chapter or the management, conservation or maintenance of
623 property held for the production of such income, and the amortizable
624 bond premium for the taxable year on any bond the interest on which
625 is exempt from tax under this chapter to the extent that such expenses
626 and premiums are deductible in determining federal adjusted gross
627 income. (B) There shall be subtracted therefrom (i) to the extent
628 properly includable in gross income for federal income tax purposes,
629 any income with respect to which taxation by any state is prohibited
630 by federal law, (ii) to the extent allowable under section 12-718, exempt
631 dividends paid by a regulated investment company, (iii) the amount of
632 any refund or credit for overpayment of income taxes imposed by this
633 state, or any other state of the United States or a political subdivision
634 thereof, or the District of Columbia, [or any province of Canada,] to the
635 extent properly includable in gross income for federal income tax
636 purposes, (iv) to the extent properly includable in gross income for
637 federal income tax purposes, any tier 1 railroad retirement benefits, (v)
638 with respect to any natural person who is a shareholder of an S
639 corporation which is carrying on, or which has the right to carry on,
640 business in this state, as said term is used in section 12-214, the amount
641 of such shareholder's pro rata share of such corporation's
642 nonseparately computed items, as defined in Section 1366 of the

643 Internal Revenue Code, that is subject to tax under chapter 208, in
644 accordance with subsection (c) of section 12-217, as amended,
645 multiplied by such corporation's apportionment fraction, if any, as
646 determined in accordance with section 12-218, as amended, (vi) to the
647 extent properly includable in gross income for federal income tax
648 purposes, any interest income from obligations issued by or on behalf
649 of the state of Connecticut, any political subdivision thereof, or public
650 instrumentality, state or local authority, district or similar public entity
651 created under the laws of the state of Connecticut, (vii) to the extent
652 properly includable in determining the net gain or loss from the sale or
653 other disposition of capital assets for federal income tax purposes, any
654 gain from the sale or exchange of obligations issued by or on behalf of
655 the state of Connecticut, any political subdivision thereof, or public
656 instrumentality, state or local authority, district or similar public entity
657 created under the laws of the state of Connecticut, in the income year
658 such gain was recognized, (viii) any interest on indebtedness incurred
659 or continued to purchase or carry obligations or securities the interest
660 on which is subject to tax under this chapter but exempt from federal
661 income tax, to the extent that such interest on indebtedness is not
662 deductible in determining federal adjusted gross income and is
663 attributable to a trade or business carried on by such individual, (ix)
664 ordinary and necessary expenses paid or incurred during the taxable
665 year for the production or collection of income which is subject to
666 taxation under this chapter but exempt from federal income tax, or the
667 management, conservation or maintenance of property held for the
668 production of such income, and the amortizable bond premium for the
669 taxable year on any bond the interest on which is subject to tax under
670 this chapter but exempt from federal income tax, to the extent that
671 such expenses and premiums are not deductible in determining federal
672 adjusted gross income and are attributable to a trade or business
673 carried on by such individual, (x) (I) for a person who files a return
674 under the federal income tax as an unmarried individual whose
675 federal adjusted gross income for such taxable year is less than fifty

676 thousand dollars, or as a married individual filing separately whose
677 federal adjusted gross income for such taxable year is less than fifty
678 thousand dollars, [and] or for a husband and wife who file a return
679 under the federal income tax as married individuals filing jointly
680 whose federal adjusted gross income for such taxable year is less than
681 sixty thousand dollars or a person who files a return under the federal
682 income tax as a head of household whose federal adjusted gross
683 income for such taxable year is less than sixty thousand dollars, an
684 amount equal to the Social Security benefits includable for federal
685 income tax purposes; and (II) for a person who files a return under the
686 federal income tax as an unmarried individual whose federal adjusted
687 gross income for such taxable year is fifty thousand dollars or more, or
688 as a married individual filing separately whose federal adjusted gross
689 income for such taxable year is fifty thousand dollars or more, [and] or
690 for a husband and wife who file a return under the federal income tax
691 as married individuals filing jointly whose federal adjusted gross
692 income from such taxable year is sixty thousand dollars or more or for
693 a person who files a return under the federal income tax as a head of
694 household whose federal adjusted gross income for such taxable year
695 is sixty thousand dollars or more, an amount equal to the difference
696 between the amount of Social Security benefits includable for federal
697 income tax purposes [under the provisions of Section 13215 of the
698 Omnibus Budget Reconciliation Act of 1993 and fifty per cent of the
699 amount of such Social Security benefits includable for federal income
700 tax purposes under the provisions of the Internal Revenue Code of
701 1986, or any subsequent corresponding internal revenue code of the
702 United States, as from time to time amended, prior to August 10, 1993]
703 and the lesser of twenty-five per cent of the Social Security benefits
704 received during the taxable year, or twenty-five per cent of the excess
705 described in Section 86(b)(1) of the Internal Revenue Code, (xi) to the
706 extent properly includable in gross income for federal income tax
707 purposes, any amount rebated to a taxpayer pursuant to section
708 12-746, and (xii) to the extent properly includable in the gross income

709 for federal income tax purposes of a designated beneficiary, any
710 distribution to such beneficiary from any qualified state tuition
711 program, as defined in Section 529(b) of the Internal Revenue Code,
712 established and maintained by this state or any official, agency or
713 instrumentality of the state. With respect to a person who is the
714 beneficiary of a trust or estate, there shall be added or subtracted, as
715 the case may be, from adjusted gross income such person's share, as
716 determined under section 12-714, in the Connecticut fiduciary
717 adjustment.

718 Sec. 21. Subsection (a) of section 12-702 of the general statutes, as
719 amended by section 5 of public act 99-173, is repealed and the
720 following is substituted in lieu thereof:

721 (a) (1) (A) Any person, other than a trust or estate, subject to the tax
722 under this chapter for any taxable year who files under the federal
723 income tax for such taxable year as a married individual filing
724 separately or, for taxable years commencing prior to January 1, 2000,
725 who files income tax for such taxable year as an unmarried individual
726 shall be entitled to a personal exemption of twelve thousand dollars in
727 determining Connecticut taxable income for purposes of this chapter.

728 (B) In the case of any such taxpayer whose Connecticut adjusted
729 gross income for the taxable year exceeds twenty-four thousand
730 dollars, the exemption amount shall be reduced by one thousand
731 dollars for each one thousand dollars, or fraction thereof, by which the
732 taxpayer's Connecticut adjusted gross income for the taxable year
733 exceeds the said amount. In no event shall the reduction exceed one
734 hundred per cent of the exemption.

735 (2) For taxable years commencing on or after January 1, 2000, any
736 person, other than a trust or estate, subject to the tax under this chapter
737 for any taxable year who files under the federal income tax for such
738 taxable year as an unmarried individual shall be entitled to a personal
739 exemption in determining Connecticut taxable income for purposes of

740 this chapter as follows:

741 (A) For taxable years commencing on or after January 1, 2000, but
742 prior to January 1, 2001, twelve thousand two hundred fifty dollars. In
743 the case of any such taxpayer whose Connecticut adjusted gross
744 income for the taxable year exceeds [twenty-five] twenty-four
745 thousand five hundred dollars, the exemption amount shall be
746 reduced by one thousand dollars for each one thousand dollars, or
747 fraction thereof, by which the taxpayer's Connecticut adjusted gross
748 income for the taxable year exceeds the said amount. In no event shall
749 the reduction exceed one hundred per cent of the exemption;

750 (B) For taxable years commencing on or after January 1, 2001, but
751 prior to January 1, 2002, twelve thousand five hundred dollars. In the
752 case of any such taxpayer whose Connecticut adjusted gross income
753 for the taxable year exceeds [twenty-six] twenty-five thousand dollars,
754 the exemption amount shall be reduced by one thousand dollars for
755 each one thousand dollars, or fraction thereof, by which the taxpayer's
756 Connecticut adjusted gross income for the taxable year exceeds the
757 said amount. In no event shall the reduction exceed one hundred per
758 cent of the exemption;

759 (C) For taxable years commencing on or after January 1, 2002, but
760 prior to January 1, 2003, twelve thousand seven hundred fifty dollars.
761 In the case of any such taxpayer whose Connecticut adjusted gross
762 income for the taxable year exceeds [twenty-seven] twenty-five
763 thousand five hundred dollars, the exemption amount shall be
764 reduced by one thousand dollars for each one thousand dollars, or
765 fraction thereof, by which the taxpayer's Connecticut adjusted gross
766 income for the taxable year exceeds the said amount. In no event shall
767 the reduction exceed one hundred per cent of the exemption;

768 (D) For taxable years commencing on or after January 1, 2003, but
769 prior to January 1, 2004, thirteen thousand dollars. In the case of any
770 such taxpayer whose Connecticut adjusted gross income for the

771 taxable year exceeds [twenty-eight] twenty-six thousand dollars, the
772 exemption amount shall be reduced by one thousand dollars for each
773 one thousand dollars, or fraction thereof, by which the taxpayer's
774 Connecticut adjusted gross income for the taxable year exceeds the
775 said amount. In no event shall the reduction exceed one hundred per
776 cent of the exemption;

777 (E) For taxable years commencing on or after January 1, 2004, but
778 prior to January 1, 2005, thirteen thousand five hundred dollars. In the
779 case of any such taxpayer whose Connecticut adjusted gross income
780 for the taxable year exceeds [twenty-nine] twenty-seven thousand
781 dollars, the exemption amount shall be reduced by one thousand
782 dollars for each one thousand dollars, or fraction thereof, by which the
783 taxpayer's Connecticut adjusted gross income for the taxable year
784 exceeds the said amount. In no event shall the reduction exceed one
785 hundred per cent of the exemption;

786 (F) For taxable years commencing on or after January 1, 2005, but
787 prior to January 1, 2006, fourteen thousand dollars. In the case of any
788 such taxpayer whose Connecticut adjusted gross income for the
789 taxable year exceeds [thirty] twenty-eight thousand dollars, the
790 exemption amount shall be reduced by one thousand dollars for each
791 one thousand dollars, or fraction thereof, by which the taxpayer's
792 Connecticut adjusted gross income for the taxable year exceeds the
793 said amount. In no event shall the reduction exceed one hundred per
794 cent of the exemption;

795 (G) For taxable years commencing on or after January 1, 2006, but
796 prior to January 1, 2007, fourteen thousand five hundred dollars. In the
797 case of any such taxpayer whose Connecticut adjusted gross income
798 for the taxable year exceeds twenty-nine thousand dollars, the
799 exemption amount shall be reduced by one thousand dollars for each
800 one thousand dollars, or fraction thereof, by which the taxpayer's
801 Connecticut adjusted gross income for the taxable year exceeds the

802 said amount. In no event shall the reduction exceed one hundred per
803 cent of the exemption;

804 (H) For taxable years commencing on or after January 1, 2007,
805 fifteen thousand dollars. In the case of any such taxpayer whose
806 Connecticut adjusted gross income for the taxable year exceeds thirty
807 thousand dollars, the exemption amount shall be reduced by one
808 thousand dollars for each one thousand dollars, or fraction thereof, by
809 which the taxpayer's Connecticut adjusted gross income for the taxable
810 year exceeds the said amount. In no event shall the reduction exceed
811 one hundred per cent of the exemption.

812 Sec. 22. Section 12-723 of the general statutes, as amended by section
813 22 of public act 99-121, is repealed and the following is substituted in
814 lieu thereof:

815 The commissioner may for reasonable cause extend the time for the
816 filing of any return, statement or other document due or required
817 under this chapter and the payment of tax due pursuant to this chapter
818 in accordance with regulations adopted in accordance with chapter 54.
819 Said commissioner may require the filing of a tentative return and the
820 payment of the tax reported to be due thereon in connection with such
821 extension. Any additional tax which may be found to be due on the
822 filing of a return, statement or other document as allowed by such
823 extension shall bear interest at the rate of one per cent per month or
824 fraction thereof from the original due date of such tax to the date of
825 actual payment. Notwithstanding the provisions of section 12-735, as
826 amended by this act, no penalty shall be imposed on account of any
827 failure to pay the amount of tax reported to be due on a return,
828 statement or other document within the time specified under the
829 provisions of this chapter if the excess of the amount of tax shown on
830 the return, statement or other document over the amount of tax paid
831 on or before the original due date of such return, statement or other
832 document is no greater than ten per cent of the amount of tax shown

833 on such return, statement or other document, and any balance due
834 shown on such return, statement or other document is remitted with
835 such return, statement or other document on or before the extended
836 due date of such return, statement or other document.

837 Sec. 23. Subdivision (1) of subsection (b) of section 12-727 of the
838 general statutes is repealed and the following is substituted in lieu
839 thereof:

840 (b) (1) If the amount of a taxpayer's federal adjusted gross income,
841 in the case of an individual, or federal taxable income, in the case of a
842 trust or estate, reported on such taxpayer's federal income tax return
843 for any taxable year is changed or corrected by the United States
844 Internal Revenue Service or other competent authority, or as the result
845 of a renegotiation of a contract or subcontract with the United States,
846 the taxpayer shall provide notice of such change or correction in
847 federal adjusted gross income or federal taxable income, as the case
848 may be, to the commissioner by filing, on or before the date that is
849 ninety days after the final determination of such change, correction or
850 renegotiation, or as otherwise required by the commissioner, an
851 amended return under this chapter and shall concede the accuracy of
852 such determination or state wherein it is erroneous. The provisions of
853 the preceding sentence shall also apply if an individual's computation
854 of tax under Section 1341(a)(4) or (5) of the Internal Revenue Code is
855 changed or corrected by the United States Internal Revenue Service or
856 other competent authority. The commissioner may redetermine and
857 the taxpayer shall be required to pay the tax for any taxable year
858 affected, regardless of any otherwise applicable statute of limitations.

859 Sec. 24. Subdivision (1) of subsection (a) of section 12-732 of the
860 general statutes is repealed and the following is substituted in lieu
861 thereof:

862 (a) (1) If any tax has been overpaid, the taxpayer may file a claim for
863 refund in writing with the commissioner within three years from the

864 due date for which such overpayment was made, stating the specific
865 grounds upon which the claim is founded, provided if the
866 commissioner has extended the time for the filing of an income tax
867 return by the taxpayer, the taxpayer may file a claim for refund within
868 three years after the date on which the income tax return is filed by the
869 taxpayer or within three years after the extended due date of the
870 income tax return, whichever is earlier. Not later than ninety days
871 following receipt of such claim for refund the commissioner shall
872 determine whether such claim is valid and, if so, said commissioner
873 shall notify the State Comptroller of the amount of such refund and the
874 State Comptroller shall draw an order on the State Treasurer in the
875 amount thereof for payment to the taxpayer. For purposes of this
876 section, [an income tax return] a claim for refund that is filed before the
877 last day prescribed by law or by a regulation adopted pursuant to law
878 for the filing [thereof] of an income tax return, determined without
879 regard to any extension of time for filing, shall be deemed to be filed
880 on such last day. To the amount of such refund, there shall be added
881 interest at the rate of two-thirds of one per cent for each month or
882 fraction thereof which elapses between (A) the ninetieth day following
883 receipt by the commissioner of such claim for refund on a permitted
884 form, containing the taxpayer's name, address and Social Security
885 number or federal employer identification number, the required
886 signature, and sufficient required information, whether on the return
887 or on required attachments, to permit the mathematical verification of
888 tax liability shown on the return, and (B) the date of notice by the
889 commissioner that such refund is due. Failure to file a claim within the
890 time prescribed in this section constitutes a waiver of any demand
891 against the state on account of overpayment. If the commissioner
892 determines that such claim is not valid, either in whole or in part, [he]
893 said commissioner shall mail notice of the disallowance in whole or in
894 part of the claim to the claimant and such notice shall set forth briefly
895 the commissioner's findings of fact and the basis of disallowance in
896 each case decided in whole or in part adversely to the claimant. Sixty

897 days after the date on which it is mailed, a notice of proposed
898 disallowance shall constitute a final disallowance except only for such
899 amounts as to which the claimant has filed, as provided in subdivision
900 (2) of this subsection, a written protest with the commissioner.

901 Sec. 25. Section 12-733 of the general statutes, as amended by section
902 25 of public act 99-121, is repealed and the following is substituted in
903 lieu thereof:

904 (a) Except as otherwise provided in this chapter, a notice of
905 proposed deficiency assessment shall be mailed to the taxpayer within
906 three years after the return is filed. No deficiency shall be assessed or
907 collected with respect to the year for which the return is filed unless
908 the notice is mailed within the three-year period or the period
909 otherwise fixed. Where, within the sixty-day period ending on the day
910 on which the time prescribed by this chapter for mailing a notice of
911 proposed deficiency assessment for any taxable year would otherwise
912 expire, the commissioner receives a written document signed by a
913 taxpayer showing that the taxpayer owes an additional amount of tax
914 for such taxable year, the period during which a notice of proposed
915 deficiency assessment may be mailed shall not expire before the day
916 sixty days after the day on which the commissioner receives such
917 document.

918 (b) (1) If the taxpayer omits from Connecticut adjusted gross
919 income, in the case of an individual, or from Connecticut taxable
920 income, in the case of a trust or estate, an amount properly includable
921 therein which is in excess of twenty-five per cent of the amount of
922 Connecticut adjusted gross income or Connecticut taxable income, as
923 the case may be, stated in the return, a notice of a proposed deficiency
924 assessment may be mailed to the taxpayer within six years after the
925 return is filed. For purposes of this subsection, there shall not be taken
926 into account any amount which is omitted in the return if such amount
927 is disclosed in the return, or in a statement attached to the return, in a

928 manner adequate to apprise the Commissioner of Revenue Services of
929 the nature and the amount of such item.

930 (2) If the taxpayer omits from the Connecticut adjusted gross income
931 derived from or connected with sources within this state, in the case of
932 a nonresident individual or part-year resident individual, or from
933 Connecticut taxable income derived from or connected with sources
934 within this state, in the case of a nonresident trust or estate of part-year
935 resident trust, an amount properly includable therein which is in
936 excess of twenty-five per cent of the amount of Connecticut adjusted
937 gross income derived from or connected with sources within this state
938 or Connecticut taxable income derived from or connected with sources
939 within this state, as the case may be, stated in the return, a notice of a
940 proposed deficiency assessment may be mailed to the taxpayer within
941 six years after the return is filed. For purposes of this subsection, there
942 shall not be taken into account any amount which is omitted in the
943 return if such amount is disclosed in the return, or in a statement
944 attached to the return, in a manner adequate to apprise the
945 Commissioner of Revenue Services of the nature and the amount of
946 such item.

947 (c) If no return is filed or if a taxpayer makes, wilfully or otherwise,
948 a false [and] or fraudulent return, [is filed with intent to evade the tax,]
949 a notice of deficiency may be mailed to the taxpayer at any time.

950 (d) (1) If a taxpayer fails to comply with the requirements of section
951 12-727, as amended by this act, by not reporting a change or correction
952 by the United States Internal Revenue Service or other competent
953 authority increasing, in the case of an individual, the individual's
954 federal adjusted gross income or, in the case of a trust or estate, its
955 federal taxable income, or by not reporting a change or correction
956 which is treated in the same manner as if it were a deficiency for
957 federal income tax purposes, or by not filing an amended return, a
958 notice of a proposed deficiency assessment may be mailed to the

959 taxpayer at any time. The provisions of the preceding sentence shall
960 also apply if an individual's computation of tax under Section
961 1341(a)(4) or (5) of the Internal Revenue Code is changed or corrected
962 by the United States Internal Revenue Service or other competent
963 authority, and the individual fails to comply with the requirements of
964 section 12-727, as amended by this act.

965 (2) If a taxpayer fails to comply with the requirements of subsection
966 (b) of section 12-704 by not reporting a change or correction by tax
967 officers or other competent authority of another jurisdiction affecting
968 the amount of tax of such other jurisdiction that the taxpayer is finally
969 required to pay, or by not filing an amended return, a notice of a
970 proposed deficiency assessment may be mailed to the taxpayer at any
971 time.

972 (e) (1) If the taxpayer, pursuant to section 12-727, as amended by
973 this act, reports a change or correction by the United States Internal
974 Revenue Service or other competent authority increasing, in the case of
975 an individual, the individual's federal adjusted gross income or, in the
976 case of a trust or estate, its federal taxable income or reports a change
977 or correction which is treated in the same manner as if it were a
978 deficiency for federal income tax purposes, or files an amended return,
979 the assessment, if not deemed to have been made upon the filing of the
980 report or amended return, may be made at any time not later than
981 three years after such report or amended return is filed. The provisions
982 of the preceding sentence shall also apply if an individual's
983 computation of tax under Section 1341(a)(4) or (5) of the Internal
984 Revenue Code is changed or corrected by the United States Internal
985 Revenue Service or other competent authority, and the individual,
986 pursuant to section 12-727, as amended by this act, reports the change
987 or correction.

988 (2) If the taxpayer, pursuant to subsection (b) of section 12-704,
989 reports a change or correction by tax officers or other competent

990 authority of another jurisdiction affecting the amount of tax of such
991 other jurisdiction that the taxpayer is finally required to pay, or files an
992 amended return, the assessment, if not deemed to have been made
993 upon the filing of the report or amended return, may be made not later
994 than three years after such report or amended return is filed.

995 (f) Where, before the expiration of the time prescribed in this section
996 for the assessment of a deficiency, both the commissioner and the
997 taxpayer shall have consented in writing to its assessment after such
998 time, the deficiency may be assessed at any time prior to the expiration
999 of the period agreed upon. The period so agreed upon may be
1000 extended by a subsequent agreement in writing made before the
1001 expiration of the period previously agreed upon and the commissioner
1002 may, in such a case, waive the statute of limitations against a claim for
1003 refund by such taxpayer.

1004 (g) For purposes of this section an income tax return filed before the
1005 last day prescribed by law or by any regulation adopted pursuant to
1006 law for the filing thereof, determined without regard to any extension
1007 of time for filing, shall be deemed to be filed on such last day. If a
1008 return of withholding tax for any period ending with or within a
1009 calendar year is filed before April fifteenth of the succeeding calendar
1010 year, such return shall be deemed to be filed on April fifteenth of such
1011 succeeding calendar year.

1012 Sec. 26. Subsection (b) of section 12-735 of the general statutes is
1013 repealed and the following is substituted in lieu thereof:

1014 (b) If any person has not made [his] a return within three months
1015 after the time specified under the provisions of this chapter, the
1016 commissioner may make such return at any time thereafter, according
1017 to the best information obtainable and according to the form
1018 prescribed. The making of a return by the commissioner pursuant to
1019 the authority conferred under this section shall not constitute the filing
1020 of a return by such person for purposes of subsection (c) of section 12-

1021 733, as amended by this act, or subsection (a) of section 12-737. To the
1022 tax imposed upon the basis of such return, there shall be added an
1023 amount equal to ten per cent of such tax or fifty dollars, whichever is
1024 greater. The tax shall bear interest at the rate of one per cent per month
1025 or fraction thereof, from the due date of such tax until the date of
1026 payment. No taxpayer shall be subject to a penalty under both
1027 subsections (a) and (b) of this section in relation to the same tax period.

1028 Sec. 27. (NEW) (a) (1) If an item of income was included in the
1029 Connecticut adjusted gross income of an individual for a preceding
1030 taxable year or years because it appeared that the individual had an
1031 unrestricted right to such item, and, based on the repayment of such
1032 item by such individual during the taxable year, such individual
1033 properly determines his or her federal income tax liability for the
1034 taxable year under Section 1341(a)(4) or (5) of the Internal Revenue
1035 Code, then the tax imposed by chapter 229 of the general statutes for
1036 the taxable year on such individual shall be an amount equal to (A) the
1037 tax for the taxable year computed without regard to this section, minus
1038 (B) the decrease in tax under said chapter 229 for the preceding taxable
1039 year or years which would result solely from the exclusion of such
1040 item or portion thereof from the Connecticut adjusted gross income of
1041 such individual for such preceding taxable year or years. This section
1042 shall not apply if such repayment is properly deductible in
1043 determining the individual's federal adjusted gross income for the
1044 taxable year, and such individual properly determines his or her
1045 federal income tax liability for the taxable year under Section 1341(a)(4)
1046 of the Internal Revenue Code by deducting such repayment.

1047 (2) In determining the decrease in tax under said chapter 229 for the
1048 preceding taxable year or years which would result solely from the
1049 exclusion of such item or portion thereof from the Connecticut
1050 adjusted gross income of such individual for such preceding taxable
1051 year or years, any item excluded from the Connecticut adjusted gross
1052 income of an individual for a preceding year or years in which such

1053 individual was a nonresident individual or part-year resident
1054 individual, shall, to the extent that such item is derived from or
1055 connected with sources within this state, be excluded from Connecticut
1056 adjusted gross income derived from or connected with sources within
1057 this state for such preceding year or years.

1058 (3) If the decrease in tax under said chapter 229 for the preceding
1059 taxable year or years which would result solely from the exclusion of
1060 such item or portion thereof from the Connecticut adjusted gross
1061 income of such individual for such preceding taxable year or years
1062 exceeds the tax for the taxable year computed without regard to this
1063 section, such excess shall be considered to be a payment of tax on the
1064 last day prescribed under said chapter 229 for the payment of tax for
1065 the taxable year, and, subject to the provisions of sections 12-35f, 12-
1066 739 and 12-742 of the general statutes, shall be refunded or credited in
1067 the same manner as if it were an overpayment for such taxable year.

1068 (b) If an individual properly determines his or her liability for the
1069 tax imposed by chapter 229 of the general statutes for the taxable year
1070 under subsection (a) of this section, and properly determines his or her
1071 federal income tax liability for the taxable year under Section 1341(a)(4)
1072 of the Internal Revenue Code, then, in any case where the deduction
1073 under Section 1341(a)(4) of the Internal Revenue Code results in a net
1074 operating loss for federal income tax purposes, no claim for refund
1075 shall be allowable by the commissioner for an overpayment of the tax
1076 imposed by said chapter 229 for a preceding taxable year or years to
1077 the extent attributable to such loss being carried back to such year or
1078 years.

1079 Sec. 28. Subdivision (2) of subsection (b) of section 16-50v of the
1080 general statutes is repealed and the following is substituted in lieu
1081 thereof:

1082 (2) As used in this subdivision, "communications services" means
1083 services involving transmitting or receiving signals in the

1084 electromagnetic spectrum for a public or commercial purpose
1085 pursuant to a Federal Communications Commission license. Before
1086 December thirty-first of each year, the council shall review the
1087 anticipated amount of administrative expenses attributable to facilities
1088 used for providing communications services for the next fiscal year,
1089 excluding expenses under subsection (c), (d), (e), (g) or (h) of this
1090 section, at a public meeting, notice of which shall be given to each
1091 person subject to assessment under this subsection, and at which
1092 interested persons shall be heard. After the meeting, the council shall
1093 determine the anticipated amount of such expenses and submit its
1094 determination to the joint standing committee of the General Assembly
1095 having cognizance of matters relating to appropriations and the
1096 budgets of state agencies. [Upon notification of the council, the
1097 Commissioner of Revenue Services] The council shall apportion and
1098 assess the anticipated amount of expenses equitably in proportion to
1099 the frequency of appearance, the degree of regulation required and the
1100 percentage of the council's workload, among those persons which
1101 provide communications services and have come before the council in
1102 the preceding calendar year. Each such person shall pay the
1103 assessment and submit a return, on a form prescribed by the
1104 [commissioner] council, to the [Commissioner of Revenue Services]
1105 council in four equal instalments, on or before July 1, 1994, and July
1106 thirty-first of each year thereafter, October 31, 1994, and October thirty-
1107 first of each year thereafter, January 31, 1995, and January thirty-first of
1108 each year thereafter, and April 30, 1995, and April thirtieth of each year
1109 thereafter. The [commissioner] council shall transfer all payments
1110 received pursuant to this section to the Treasurer who shall credit such
1111 payments to the Siting Council Fund. Such payments shall be
1112 considered administrative expenses recovered from communications
1113 services providers.

1114 Sec. 29. Subsection (d) of section 32-9p of the general statutes, as
1115 amended by section 16 of public act 99-1 of the June special session, is
1116 repealed and the following is substituted in lieu thereof:

1117 (d) "Manufacturing facility" means any plant, building, other real
1118 property improvement, or part thereof, (1) which (A) is constructed or
1119 substantially renovated or expanded on or after July 1, 1978, in a
1120 distressed municipality, a targeted investment community as defined
1121 in section 32-222, as amended, or an enterprise zone designated
1122 pursuant to section 32-70 or (B) is acquired on or after July 1, 1978, in a
1123 distressed municipality, a targeted investment community as defined
1124 in section 32-222, as amended, or an enterprise zone designated
1125 pursuant to said section 32-70, by a business organization which is
1126 unrelated to and unaffiliated with the seller, after having been idle for
1127 at least one year prior to its acquisition and regardless of its previous
1128 use; (2) which is to be used for the manufacturing, processing or
1129 assembling of raw materials, parts or manufactured products, for
1130 research and development facilities directly related to manufacturing,
1131 for the significant servicing, overhauling or rebuilding of machinery
1132 and equipment for industrial use, or, except as provided in this
1133 subsection, for warehousing and distribution or, (A) if located in an
1134 enterprise zone designated pursuant to said section 32-70, which is to
1135 be used by an establishment, an auxiliary or an operating unit of an
1136 establishment as such terms are defined in the Standard Industrial
1137 Classification Manual, in the categories of depository institutions,
1138 nondepository credit institutions, insurance carriers, holding or other
1139 investment offices, business services, health services, fishing, hunting
1140 and trapping, motor freight transportation and warehousing, water
1141 transportation, transportation by air, transportation services, security
1142 and commodity brokers, dealers, exchanges and services,
1143 telemarketing or engineering, accounting, research, management and
1144 related services including, but not limited to, management consulting
1145 services from the Standard Industrial Classification Manual, which
1146 establishment, auxiliary or operating unit shows a strong performance
1147 in exporting goods and services, as further defined by the
1148 commissioner through regulations adopted under chapter 54, or in
1149 Sector 48, 49, 52, 54, 55, or 62, Subsector 114 or 561, or industry group

1150 5621 in the North American Industrial Classification System, United
1151 States manual, United States Office of Management and Budget, 1997
1152 edition, or (B) if located in an enterprise zone designated pursuant to
1153 said section 32-70, which is to be used by an establishment primarily
1154 engaged in supplying goods or services in the fields of computer
1155 hardware or software, computer networking, telecommunications or
1156 communications, or (C) if located in a municipality with an
1157 entertainment district designated under section 32-76 or established
1158 under section 2 of public act 93-311*, is to be used in the production of
1159 entertainment products, including multimedia products, or as part of
1160 the airing, display or provision of live entertainment for stage or
1161 broadcast, including support services such as set manufacturers,
1162 scenery makers, sound and video equipment providers and
1163 manufacturers, stage and screen writers, providers of capital for the
1164 entertainment industry and agents for talent, writers, producers and
1165 music properties and technological infrastructure support including,
1166 but not limited to, fiber optics, necessary to support multimedia and
1167 other entertainment formats, except entertainment provided by or
1168 shown at a gambling or gaming facility or a facility whose primary
1169 business is the sale or serving of alcoholic beverages; and (3) for which
1170 the department has issued an eligibility certificate in accordance with
1171 section 32-9r. In the case of facilities which are acquired, the
1172 department may waive the requirement of one year of idleness if it
1173 determines that, absent qualification as a manufacturing facility under
1174 subdivisions (59) and (60) of section 12-81, and sections 12-217e, as
1175 amended by this act, 32-9p to 32-9s, inclusive, as amended, and 32-23p,
1176 there is a high likelihood that the facility will remain idle for one year.
1177 In the case of facilities located in an enterprise zone designated
1178 pursuant to said section 32-70, (A) the idleness requirement in
1179 subparagraph (B) of subdivision (1) of this subsection, for business
1180 organizations which over the six months preceding such acquisition
1181 have had an average total employment of between six and nineteen
1182 employees, inclusive, shall be reduced to a minimum of six months,

1183 and (B) the idleness requirement shall not apply to business
1184 organizations with an average total employment of five or fewer
1185 employees, provided no more than one eligibility certificate shall be
1186 issued under this subparagraph for the same facility within a three-
1187 year period. Of those facilities which are for warehousing and
1188 distribution, only those which are newly constructed or which
1189 represent an expansion of an existing facility qualify as manufacturing
1190 facilities. In the event that only a portion of a plant is acquired,
1191 constructed, renovated or expanded, only the portion acquired,
1192 constructed, renovated or expanded constitutes the manufacturing
1193 facility. A manufacturing facility which is leased may for the purposes
1194 of subdivisions (59) and (60) of section 12-81 and sections 12-217e, as
1195 amended by this act, 32-9p to 32-9s, inclusive, as amended, and 32-23p,
1196 be treated in the same manner as a facility which is acquired if the
1197 provisions of the lease serve to further the purposes of subdivisions
1198 (59) and (60) of section 12-81, and sections 12-217e, as amended by this
1199 act, 32-9p to 32-9s, inclusive, as amended, and 32-23p and demonstrate
1200 a substantial, long-term commitment by the occupant to use the
1201 manufacturing facility, including a contract for lease for an initial
1202 minimum term of five years with provisions for the extension of the
1203 lease at the request of the lessee for an aggregate term which shall not
1204 be less than ten years, or the right of the lessee to purchase the facility
1205 at any time after the initial five-year term, or both. For a facility located
1206 in an enterprise zone designated pursuant to said section 32-70, and
1207 occupied by a business organization with an average total employment
1208 of ten or fewer employees over the six-month period preceding
1209 acquisition, such contract for lease may be for an initial minimum term
1210 of three years with provisions for the extension of the lease at the
1211 request of the lessee for an aggregate term which shall not be less than
1212 six years, or the right of the lessee to purchase the facility at any time
1213 after the initial three-year term, or both, and may also include the right
1214 for the lessee to relocate to other space within the same enterprise
1215 zone, provided such space is under the same ownership or control as

1216 the originally leased space or if such space is not under such same
1217 ownership or control as the originally leased space, permission to
1218 relocate is granted by the lessor of such originally leased space, and
1219 such relocation shall not extend the duration of benefits granted under
1220 the original eligibility certificate. Except as provided in subparagraph
1221 (B) of subdivision (1) of this subsection, a manufacturing facility does
1222 not include any plant, building, other real property improvement or
1223 part thereof used or usable for such purposes which existed before July
1224 1, 1978.

1225 Sec. 30. Subsection (f) of section 32-9r of the general statutes is
1226 repealed and the following is substituted in lieu thereof:

1227 (f) The commissioner shall adopt regulations in accordance with
1228 chapter 54 to carry out the provisions of this section. Such regulations
1229 shall provide that establishments in the category of business services,
1230 as defined in the Standard Industrial Classification Manual, or in
1231 Sector 48, 49, 52, 54, 55, or 62, Subsector 114 or 561, or industry group
1232 5621 in the North American Industrial Classification System United
1233 States manual, United States Office of Management and Budget, 1997
1234 edition, shall be eligible for a certificate if they are located in an
1235 enterprise zone.

1236 Sec. 31. Subsection (h) of section 38a-866 of the general statutes is
1237 repealed and the following is substituted in lieu thereof:

1238 (h) Each insurer paying an assessment under sections 38a-858 to
1239 38a-875, inclusive, may offset fifty per cent of the amount of such
1240 assessment against its premium tax liability to this state accrued with
1241 respect to business transacted in such year. Each insurer which has
1242 offset assessments paid to the association [from] against its premium
1243 tax liability to the state shall pay to the [state] Department of Revenue
1244 Services fifty per cent of any sums which are acquired by refund from
1245 the association pursuant to subsection (f) of this section. The
1246 association shall promptly notify the commissioner [that such] of the

1247 name and address of the insurers to which such refunds have been
1248 made, the amount of such refunds, and the date on which such refunds
1249 were mailed to such insurer. If the amount that an insurer is required
1250 to pay to the Department of Revenue Services has not been so paid on
1251 or before the thirtieth day after the date of mailing of such refunds, the
1252 insurer shall be liable for interest on such amount at the rate of one per
1253 cent per month or fraction thereof from such thirtieth day to the date
1254 of payment.

1255 Sec. 32. This act shall take effect from its passage, except that
1256 sections 3, 5, 6 and 7 shall be applicable to income years commencing
1257 on or after January 1, 2000; section 8 shall take effect July 1, 2000, and
1258 shall be applicable to calendar quarters commencing on or after said
1259 date; section 10 shall take effect July 1, 2000; sections 11 and 14 shall be
1260 applicable to reports for periods commencing on or after July 1, 2000;
1261 sections 12 and 13 shall take effect July 1, 2000, and shall be applicable
1262 to applications filed on or after said date; section 17 shall be applicable
1263 to sales or transfers occurring on or after July 1, 2000; sections 18, 19
1264 and 20 shall be applicable to taxable years commencing on or after
1265 January 1, 2000; sections 22 and 24 shall be applicable to returns for
1266 taxable years commencing on or after January 1, 2000; sections 23, 25
1267 and 26 shall be applicable to returns for taxable years commencing on
1268 or after January 1, 1999; section 27 shall be applicable to taxable years
1269 commencing on or after January 1, 1999, but no interest shall be
1270 allowed or paid on any overpayment resulting from the application of
1271 said section for the taxable year commencing on or after January 1,
1272 1999, but prior to January 1, 2000; section 28 shall be applicable to
1273 assessments first due and payable on or after July 31, 2000; and section
1274 31 shall be applicable to refunds made on or after July 1, 2000.

Statement of Legislative Commissioners:

In sections 2, 29 and 30, some statutory section references were corrected; in section 8, "which" was changed to "that" for reasons of grammar; and in sections 10, 11, 13, 19, 24 and 26, changes were made to make references gender-neutral.

FIN **Committee Vote:** Yea 39 Nay 0 JFS-LCO

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Revenue Loss (one-time), Minimal Revenue Loss

Affected Agencies: Department of Revenue Services, Department of Consumer Protection, Connecticut Siting Council

Municipal Impact: None

Explanation**State Impact:**

Section 7 of the bill, which permits companies to make estimated payments using 100% of the previous year's liability after taking into account tax credits, is anticipated to result in a one-time revenue loss of \$8 million in FY 00.

The other sections of the bill either have no fiscal impact or a minimal impact.

OFA Bill Analysis

sSB 524

AN ACT MAKING CHANGES AND CORRECTIONS TO THE CORPORATION BUSINESS TAX, UTILITIES GROSS EARNINGS TAX, EXCISE TAXES, THE PERSONAL INCOME TAX AND OTHER TAX LAWS.**SUMMARY:**

The bill contains the following changes.

Sections 1 & 6 - Makes technical corrections.

Section 2 - Modifies the corporation tax credit to allow new jobs created in a qualified area to be relocated within a qualified area and retain the benefits of the credit.

Section 3 - Clarifies that only traffic reduction programs conducted in Connecticut qualify for a corporate tax credit.

Sections 4, 9, 15, 29 and 30 - Incorporates references to the North American Industrial Classification System (NAICS) where Standard Industrial Classification (SIC) codes are indicated.

Section 5 - Corrects and clarifies references to income years (versus fiscal years) for the purpose of the Hiring Incentive Credit (formerly the Opportunity Voucher Credit.)

Section 7 - Current law requires companies to calculate their estimated quarterly payments based on 90% of their expected liability in the current income year or 100% of their previous year's liability before taking into account tax credits. The bill allows companies to base their estimated payments on 100% of their previous year's liability after taking into account credits.

Section 8 - Mandates that local gas distribution companies (LDC)

transmit gas only from marketers registered with DRS for utility companies tax. It also enables DRS to make public the names and addresses of registered marketers.

Section 10 - In addition to reorganizing the section, the language enables the commissioner to make public a list of recognized cigarette manufacturers.

Section 11 - Changes the filing due date for the Tobacco Products Tax return from the 10th to the 25th of each month.

Section 12 - Transfers the responsibility for issuing importation certificates where alcoholic beverages are being imported for personal consumption, from the Department of Consumer Protection to the Department of Revenue Services.

Section 13 - Eliminates the requirement that home-heating oil distributors obtain a surety bond.

Section 14 - Reduces the amount of information that is required to be reported to the Department on the tax return filed by home-heating oil distributors.

Section 16 - Makes a technical reference change to \$5 million in available tax credits for the Neighborhood Assistance Act Program that was overlooked in 1997 and 1999.

Section 17 - Exempts from the controlling interest transfer taxes any sale of transfer of a controlling interest in an entity to effectuate a mere change of identity or form of ownership or organization, where there is no change in beneficial ownership. (Similar change made in 1999 to the real estate conveyance tax statutes.)

Section 18 - Eliminates the credit for alternative minimum tax paid to a Canadian province.

Section 19 - Clarifies "permanent place of abode" and domicile requirements for income tax purposes. Adopts the 548-day rule for consecutive days spend outside the United States.

Section 20 - Eliminates subtraction modification pertaining to a refund or credit overpayment of income taxes imposed by a Canadian province and makes a technical correction to the Social Security Benefit Adjustment under the personal income tax.

Section 21 - Corrects Section 5 of the 1999 Conn. Public Act 173 to reflect the proper amounts for the single filer personal exemption figures.

Section 22 - Clarifies that the balance owed after receiving an extension to file the personal income tax is paid at the time the return is filed.

Section 23 - Makes corresponding changes to require a taxpayer to notify the department when a change or correction is made to his or her federal adjusted gross income.

Section 24 - Clarifies when claim for refund is timely when an extension of time to file an income tax return has been granted.

Section 25 - Clarifies when deficiency assessment is timely when an extension of time to file an income tax return has been granted.

Section 26 - Clarifies that making of a return by the department on behalf of a person who has not made a return does not affect the department's power to make an assessment or to prosecute the person for failing to make a return.

Section 27 - Allows for repayments under a claim of right.

Section 28 - Transfers responsibility for the collection of the communication assessment established under CGS Section 16-50v to the Siting Council from DRS.

Section 31 - Requires insurers which are members of the Connecticut Life and Health Insurance Guaranty Association (CLHIGA) that are required to pay refunded membership assessments to the department pay interest on those assessments if not paid to the department on time.

EFFECTIVE DATE: Various

COMMITTEE ACTION

Finance, Revenue, and Bonding Committee

Joint Favorable Substitute

Yea 39 Nay 0